

Message Text

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ACTION EUR-12

INFO OCT-01 EA-09 ISO-00 EURE-00 STR-04 AS-01 AID-05

CEA-01 CIAE-00 COME-00 EB-07 FRB-01 INR-07 IO-10

NEA-10 NSAE-00 OPIC-06 SP-02 TRSE-00 CIEP-02 LAB-04

SIL-01 OMB-01 DOTE-00 L-03 EPA-04 CEQ-01 OES-05 /097 W
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P R 181840Z NOV 75

FM USMISSION OECD PARIS

TO SECSTATE WASH DC PRIORITY 9268

INFO AMEMBASSY CANBERRA

UNCLAS SECTION 01 OF 02 OECD PARIS 30085

DEPT PASS COMMERCE FOR DAS SHERWIN

E.O. 11652: N/A

TAGS: EIND, OECD

SUBJECT: INDUSTRY COMMITTEE - MINISTERIAL LEVEL MEETING

REF: STATE 268109

1. MISSION ADVISED AUSTRALIAN DELEGATION NOV. 17 OF US OPPOSITION TO AUSTRALIAN PROPOSAL TO STUDY AUTO INDUSTRY AT THIS TIME. MISSION ALSO EXPLAINED OUR OPPOSITION TO AUSTRALIAN PROPOSAL FOR MINISTERIAL LEVEL MEETING. AUSTRALIANS EXPRESSED REGRET AND STATED THEY WOULD PURSUE ISSUES AT IC MEETING NOV. 19-21. HOWEVER, IF SUPPORT FOR THEIR FIRST PROPOSAL BY MAJOR CAR PRODUCING COUNTRIES WERE NOT FORTHCOMING THEY WOULD WITHDRAW PROPOSAL. DESPITE THEIR INTENTION TO PRESS PROPOSAL FOR MINISTERIAL, AUSTRALIANS ACKNOWLEDGED STRENGTH OF OUR POSITION THAT APPROPRIATE ISSUES FOR SUCH MEETING HAD NOT BEEN IDENTIFIED.
2. MISSION ALSO DISCUSSED US POSITION ON BOTH PROPOSALS WITH DEPUTY DIRECTORATE HEAD LYON WHO CONSIDERED IT UNFORTUNATE BUT NOT UNEXPECTED. HE CONCLUDED THAT SECRE-

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TARIAT WOULD ADOPT NEUTRAL, LOW PROFILE DURING IC MEETING

WHICH WILL RESOLVE BOTH ISSUES. THE GERMAN DELEGATION HAS VOICED OPPOSITION TO AUTO PROPOSAL BUT IS WITHOUT INSTRUCTIONS RE MINISTERIAL. CANADIAN DELEGATION TO IC, A. COLL AND G. GELINAS, ADVISED MISSION OFFICER THAT WHILE THEY HAVE NUMBER OF DOUBTS RE UTILITY OF AN OECD AUTO STUDY, AND REFERRED TO US CANADIAN COORDINATED REVIEW, THEY DO NOT FLATLY OPPOSE IDEA AND WILL BASE CANADA'S DECISION ON THE MAJORITY VIEW. THUS CANADA CAN BE EXPECTED TO SUPPORT THE AUSTRALIAN PROPOSAL FOR AN AUTO STUDY IF THE MAJOR CAR PRODUCING COUNTRIES SUPPORT SAME.

3. MISSION ALSO RECEIVED TODAY FROM AUSTRALIAN DELEGATION EXPLANATORY STATEMENT OF PROPOSAL AND DRAFT TERMS OF REFERENCE, TEXTS OF WHICH READ AS FOLLOWS:
BEGIN TEXT.

EXPLANATORY STATEMENT - IN MANY COUNTRIES THE MOTOR VEHICLE INDUSTRY IS A VERY SIGNIFICANT PART OF THE INDUSTRIAL STRUCTURE BOTH IN TERMS OF EMPLOYMENT CREATING OPPORTUNITIES AND AS A FOUNDATION FOR TECHNICAL AND INNOVATIVE SKILLS. WITH THE INDUSTRY CURRENTLY GOING THROUGH A PERIOD OF UNCERTAINTY AND CHANGE IT WOULD BE DESIRABLE AND APPROPRIATE FOR THE OECD INDUSTRY COMMITTEE TO STUDY THE CAUSE OF THIS UNCERTAINTY AND PROBABLE RAMIFICATIONS OF LIKELY CHANGES.

THE FACTORS WHICH ARE INFLUENCING THESE DEVELOPMENTS INCLUDE FUEL SUPPLIES AND PRICES, INCREASING DEMANDS ON VEHICLE MANUFACTURERS BY MORE EXTENSIVE POLLUTION AND SAFETY STANDARDS, THE UNDOUBTED AND POSSIBLY ACCELERATING TREND TO SMALLER CARS AND THE APPARENT INCREASE IN THE PRODUCTION LEVEL NEEDED FOR ECONOMIC OPERATION. IT IS BELIEVED THAT THESE FACTORS ARE CONTRIBUTING TO A FUNDAMENTAL CHANGE IN THE FUTURE STRUCTURE OF THE WORLD INDUSTRY.

THE CHANGES REFERRED TO ABOVE APPEAR TO HAVE GIVEN RISE TO AN INCREASING TREND TOWARDS THE "GLOBAL" CAR CONCEPT AND COMPLEMENTATION PROGRAMS WHEREBY PRODUCTION IS DISPERSED AMONGST COUNTRIES SO THAT ONE AREA SPECIALISES IN UNCLASSIFIED

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A PARTICULAR COMPONENT OR CLASS OF COMPONENTS. ONE IMPORTANT FACTOR IN ANY DISCUSSION OF A "GLOBAL CAR" CONCEPT IS THE ROLE WHICH DEVELOPING COUNTRIES WILL PLAY PARTICULARLY WITH THEIR INCREASING DESIRE FOR ACCELERATED INDUSTRIALISATION.

GOVERNMENT POLICIES IN THE VARIOUS MEMBER COUNTRIES, OF COURSE, ALSO HAVE AN IMPORTANT BEARING ON THE STRUC-

TURE AND CIRCUMSTANCES OF THE INDUSTRY BOTH WITHIN A
COUNTRY AND ON THE WORLD INDUSTRY. THE PROPOSED STUDY
WOULD BE OF CONSIDERABLE VALUE TO MEMBER COUNTRIES IN
UNDERSTANDING POLICIES OF OTHER COUNTRIES AND THUS IN

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NEA-10 NSAE-00 OPIC-06 SP-02 TRSE-00 CIEP-02 LAB-04

SIL-01 OMB-01 DOTE-00 L-03 EPA-04 CEQ-01 OES-05 /097 W

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P R 181840Z NOV 75

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INFO AMEMBASSY CANBERRA

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DETERMINING THEIR OWN POLICIES FOR THE MOTOR VEHICLE
INDUSTRY. IT WOULD ENABLE THE POLICIES TO BE DRAWN-UP
TO HARMONISE AS FAR AS POSSIBLE WITH CHANGES BOTH
PRESENTLY OCCURRING AND FORESHADOWED IN THE AUTOMOTIVE
INDUSTRY THROUGHOUT THE WORLD. IT WOULD ALSO ASSIST
INDUSTRY IN ITS LONG TERM INVESTMENT DECISIONS. SUCH
CONSIDERATIONS SHOULD ASSIST IN OVERALL MINIMISATION
OF ANY SOCIAL AND ECONOMIC DISRUPTION RESULTING FROM
THESE CHANGES.

DRAFT TERMS OF REFERENCE - IN ACCORDANCE WITH THE
INDUSTRY COMMITTEE'S WISH FOR AN EXAMINATION OF THE
PRESENT SITUATION AND FUTURE PERSPECTIVES IN THE MOTOR
VEHICLE INDUSTRY, AN AD HOC WORKING PARTY IS INSTRUCTED
TO EXAMINE AND REPORT ON THE MOTOR VEHICLE INDUSTRY AS

FOLLOWS:

- (I) ESTABLISH A PROFILE OF THE INDUSTRY ON A GLOBAL BASIS AND WITHIN MEMBER COUNTRIES. THIS PROFILE WOULD INCLUDE THE IDENTIFICATION OF IMMEDIATE PROBLEMS FACING THE INDUSTRY.
- (II) STUDY MEMBER GOVERNMENTS' PRESENT POLICIES TOWARDS UNCLASSIFIED

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THE INDUSTRY.

- (III) IDENTIFY AND EXAMINE ISSUES WHICH ARE LIKELY TO HAVE AN IMPORTANT IMPACT ON THE INDUSTRY'S FUTURE DEVELOPMENT INCLUDING -
- AVAILABILITY AND PRICE OF FUEL SUPPLIES
 - CHANGES IN CONSUMER PREFERENCES
 - COMPLEMENTATION PROGRAMS INCLUDING DEVELOPMENTS IN DEVELOPING COUNTRIES
 - ENVIRONMENTAL CONSIDERATIONS
 - WORKER PARTICIPATION IN THE INDUSTRY.

- (IV) EXAMINE THE LIKELY IMPLICATIONS THESE ISSUES WILL HAVE ON FUTURE GOVERNMENT POLICY.

THE WORKING PARTY IS REQUESTED TO PROCEED WITH ALL URGENCY TO PREPARE REPORTS ON (I) AND (II) ABOVE FOR SUBMISSION TO THE INDUSTRY COMMITTEE WITHIN 6 MONTHS TOGETHER WITH AN OUTLINE OF ISSUES LIKELY TO BE DISCUSSED UNDER (III). END TEXT.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AUTOMOTIVE INDUSTRY, POLICIES, MINISTERIAL MEETINGS, STUDIES
Control Number: n/a
Copy: SINGLE
Draft Date: 18 NOV 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975OECDP30085
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750401-0807
From: OECD PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751133/aaaabcsn.tel
Line Count: 202
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 75 STATE 268109
Review Action: RELEASED, APPROVED
Review Authority: izenbei0
Review Comment: n/a
Review Content Flags:
Review Date: 23 OCT 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23 OCT 2003 by chicheje>; APPROVED <27 JAN 2004 by izenbei0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: INDUSTRY COMMITTEE - MINISTERIAL LEVEL MEETING
TAGS: EIND, US, AS, OECD
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006